SUMMER 2016

Littleton Public Schools

Retirement Report

LITTLETON PUBLIC SCHOOLS

403(B) AND 457 RETIREMENT PLANS

Checked Your Beneficiary Designations Lately?

Most of us have no intention of dying anytime soon, but that is not a choice we get to make, and we cannot predict what course life will take. Whether you are a recent college graduate just starting your career or a "short-timer" who plans on retiring in a few years, it is important to make sure that the people you want to inherit your retirement savings actually become the recipients. Many of us think that estate planning involves creating wills and trusts, but an important and often overlooked factor is making and maintaining beneficiary designations for our retirement savings accounts.

According to the Investment Company Institute, U.S. retirement assets totaled $24.1 trillion as of March 31, 2016, up 0.6 percent from the end of 2015. Retirement assets accounted for 34 percent of all household financial assets in the United States at the end of the first quarter of 2016. Of those dollars, U.S. households held $6.8 trillion in employer sponsored defined contribution plans. These large numbers are a good reminder of the importance of updating your beneficiaries, especially after a life changing event.

Most people were asked to select beneficiaries when the enrolled in their employers' retirement savings plans, and many have not given it much thought since. While this exercise may seem simple, especially if you are married, it is not so simple for everyone. For example, difficulties may arise for those who are separated but not yet divorced, previously divorced and now remarried, single parents with minor children and no named guardian,

and even divorced executives who die prior to removing an ex-spouse as beneficiary. These are all situations that require some special attention.

If you are married, federal law mandates that your spouse be named as the primary beneficiary of your employer sponsored retirement savings plan. Even if you are separated, your spouse is still considered your spouse until you are legally divorced. If you want to name someone other than your spouse, say your children from a previous marriage, your current spouse must consent in writing by signing a spousal consent waiver. If your spouse does not consent, then he or she would receive 50 percent of the account regardless of what the beneficiary form says. Although your power is limited, it is important to understand these rules to avoid your assets inadvertently passing to someone you did not intend.

A similar situation may arise if you are single when you die. If this happens, your account will normally pass to whomever you have named as your beneficiary. However, if you failed to name a beneficiary, the account will go to your estate and be distributed in accordance with applicable state laws. As a result your retirement savings may end up in the hands of a relative you would not have included as a beneficiary if given a choice.

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Checked Your Beneficiary Designation Lately?

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Turning to the situation of single parents with minor children, it is important to remember that most plans will not transfer money directly to a minor who has been named as a beneficiary. To avoid this situation, people should choose guardians for their children. Parents of minor children are strongly encouraged to designate guardians in their will in order to make sure that their children are provided for in the event of an emergency or premature death. Proactively naming a guardian allows parents to control who is given the responsibility of handling their children's affairs. Otherwise, the court will appoint a trustee or guardian and that could cause a long delay in transferring the funds to benefit the minor children.

Additionally, even if your children are older than 18, you may still have concerns about their ability to responsibly manage a large sum of money. If that is the case, you may want to consider setting up a trust in their name and making the trust the beneficiary. That way the money transfers to the trust instead of directly to your 19 year-old who has an eye on that red sports car. You should consult your tax advisor prior to implementing a trust to be sure that the trust complies with all current IRS regulations.

Another important point that many are unaware of is that your beneficiary designation supersedes what you put in your will. As a result, you will want to be sure that the two match. Additionally, the assets in your employer-sponsored retirement savings plan will be distributed to the designated beneficiaries regardless of any other legal agreements. Here is an example to illustrate. Imagine that your spouse is the designated beneficiary of your retirement savings account, and then you get divorced and fail to name a new beneficiary. Your divorce decree specifically states that your spouse waived the right to your retirement account assets. If you die without getting remarried or changing your beneficiary designation to someone else, your former spouse will be the unintended recipient of your retirement assets even though the divorce decree says otherwise. Not at all what you intended, but this could happen.

The scenarios listed above are just a few examples of why it is very important to check and update your beneficiary designations. It is up to you to make sure that your wishes are carried out after you die, which requires you to make the appropriate beneficiary changes as they happen. As Benjamin Franklin said, "Don't put off tomorrow what you can do today," as you never know what might happen next.

Whom do I call for help?

Contact TIAA-CREF for the following:

> Balances
> Investment changes
> Change personal info

800.842.2009
www.tiaa-cref.org

The Plan's Investment Consultant

Innovest Portfolio Solutions

4643 S. Ulster St., Suite 1040
Denver, CO 80237

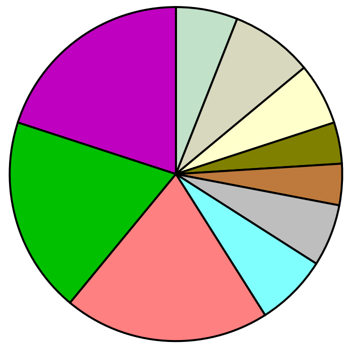
303.694.1900 | www.innovestinc.com

Littleton Public School Conservative 06/30/16

Who typically uses this portfolio?

Current Age:	over 60
Risk Level:	Low
Expected Return:	Low
Time Horizon:	
Years to Age 65:	under 5
Years to Age 85:	under 25
Expense Ratio (%)	0.28

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	6.0
Vanguard 500 Index;Adm (VFIAX)	8.0
Harbor:Cap Apprec;Inst (HACAX)	6.0
Vanguard Md-Cp Idx;Adm (VIMAX)	4.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	4.0
Am Beacon:Intl Eq;Inst (AAIEX)	6.0
American Funds EuPc;R-6 (RERGX)	7.0
Met West:Total Return;I (MWTIX)	20.0
Vanguard Tot Bd;Adm (VBTLX)	19.0
TIAA Traditional	20.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Conservative	1.37	2.11	1.08	5.81	6.06	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: The age (today) of an average investor with time horizon, risk level, and return expectations of the Conservative Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Conservative Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Conservative Portfolio, and is calculated via a statistical process consistent with 95% probability.

Low: -8% to **-14%**

Expected Return: The level of expected investment return from the Conservative Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

Low: 4% to **6%**

Past Performance

Investment performance results shown above represent past performance and are not indicative of future results. Please read the information contained in the applicable fund prospectuses carefully before investing money.

How is the portfolio diversified?

The pie chart and accompanying data shown for each portfolio illustrates the percentage allocated to each fund.

*Innovest relies on 3rd party data for these returns.

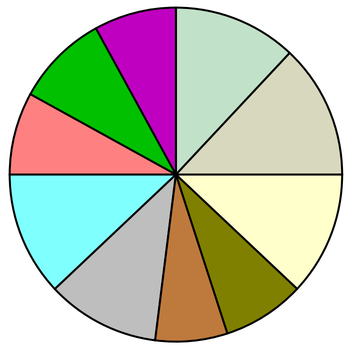
**Returns using TIAA Traditional Annuity - GRA contract

Littleton Public School Moderate 06/30/16

Who typically uses this portfolio?

Current Age:	40 - 60
Risk Level:	Moderate
Expected Return:	Moderate
<u>Time Horizon:</u>	
Years to Age 65:	5 - 25
Years to Age 85:	25 - 45
Expense Ratio (%)	0.33

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	12.0
Vanguard 500 Index;Adm (VFIAX)	13.0
Harbor:Cap Apprec;Inst (HACAX)	12.0
Vanguard Md-Cp Idx;Adm (VIMAX)	8.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	7.0
Am Beacon:Intl Eq;Inst (AAIEX)	11.0
American Funds EuPc;R-6 (RERGX)	12.0
Met West:Total Return;I (MWTIX)	8.0
Vanguard Tot Bd;Adm (VBTLX)	9.0
TIAA Traditional	8.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Moderate	1.05	0.53	-2.21	7.25	7.44	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: : The age (today) of an average investor with time horizon, risk level, and return expectation of the Moderate Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Moderate Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Moderate Portfolio, and is calculated via a statistical process consistent with 95% probability.

Moderate: -13% to -19%

Expected Return: The level of expected investment return from the Moderate Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

Moderate: 5% to 7%

Past Performance

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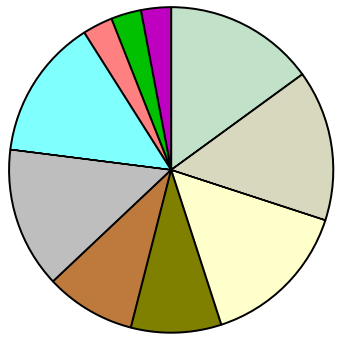
**Returns using TIAA Traditional Annuity - GRA contract

Littleton Public School Aggressive 06/30/16

Who typically uses this portfolio?

Current Age:	30 - 50
Risk Level:	High
Expected Return:	High
Time Horizon:	
Years to Age 65:	15 - 35
Years to Age 85:	35 - 55
Expense Ratio (%)	0.38

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	15.0
Vanguard 500 Index;Adm (VFIAX)	15.0
Harbor:Cap Apprec;Inst (HACAX)	15.0
Vanguard Md-Cp Idx;Adm (VIMAX)	9.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	9.0
Am Beacon:Intl Eq;Inst (AAIEX)	14.0
American Funds EuPc;R-6 (RERGX)	14.0
Met West:Total Return;I (MWTIX)	3.0
Vanguard Tot Bd;Adm (VBTLX)	3.0
TIAA Traditional	3.0

Past Performance (%)*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Aggressive	0.87	-0.28	-3.88	7.84	7.96	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

Current Age: : The age (today) of an average investor with time horizon, risk level, and return expectation of the Aggressive Portfolio.

Time Horizon: Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

Risk Level: The amount of expected risk in the Aggressive Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Aggressive Portfolio, and is calculated via a statistical process consistent with 95% probability.

High: -17% to -23%

Expected Return: The level of expected investment return from the Aggressive Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

High: 6% to 8%

Past Performance

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How is the portfolio diversified?

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**Returns using TIAA Traditional Annuity - GRA contract